SIMPLY MORTGAGE

NEWSLETTER FROM A1 FINANCIAL SOLUTIONS

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EMBARKING ON A SHARED PROPERTY JOURNEY

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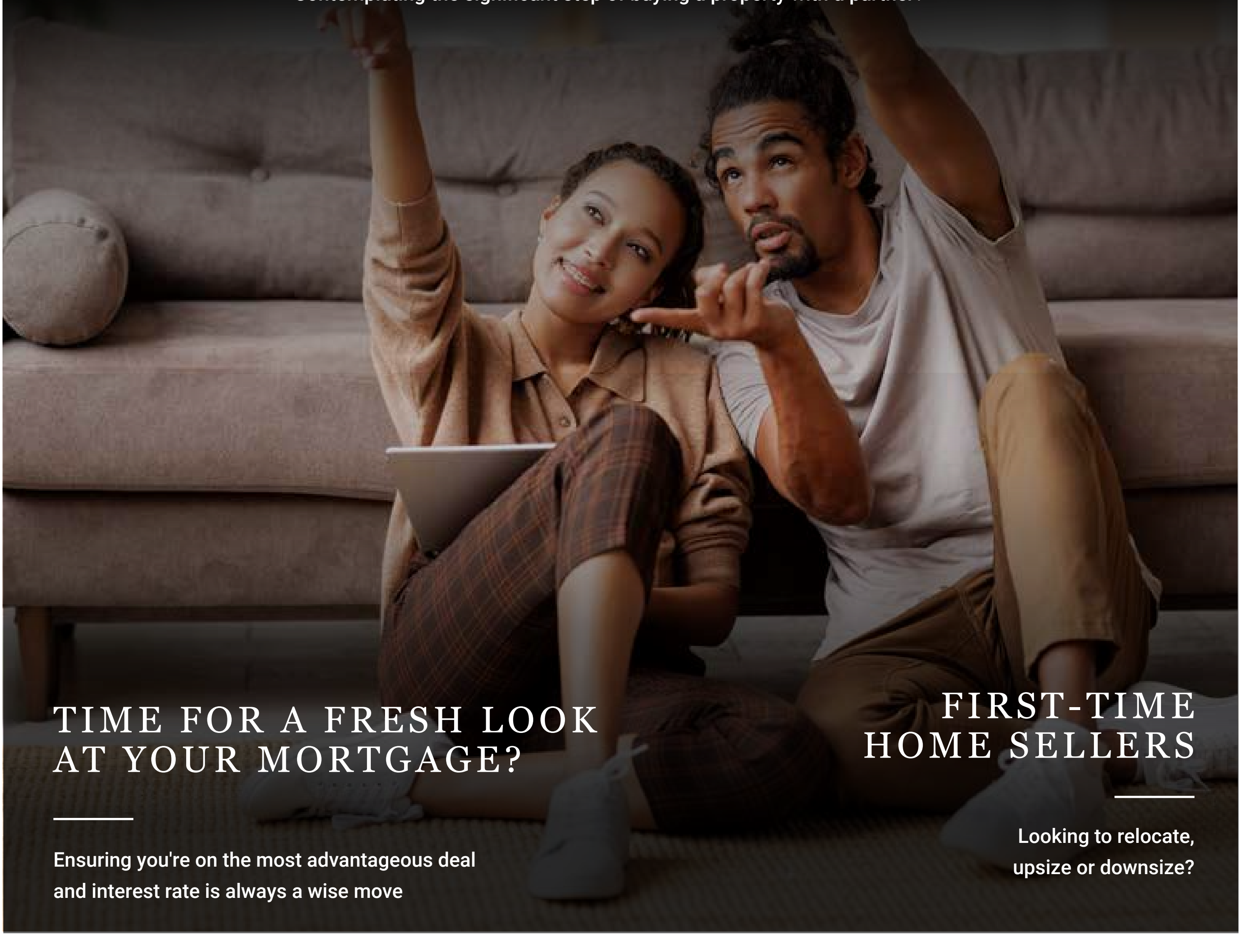

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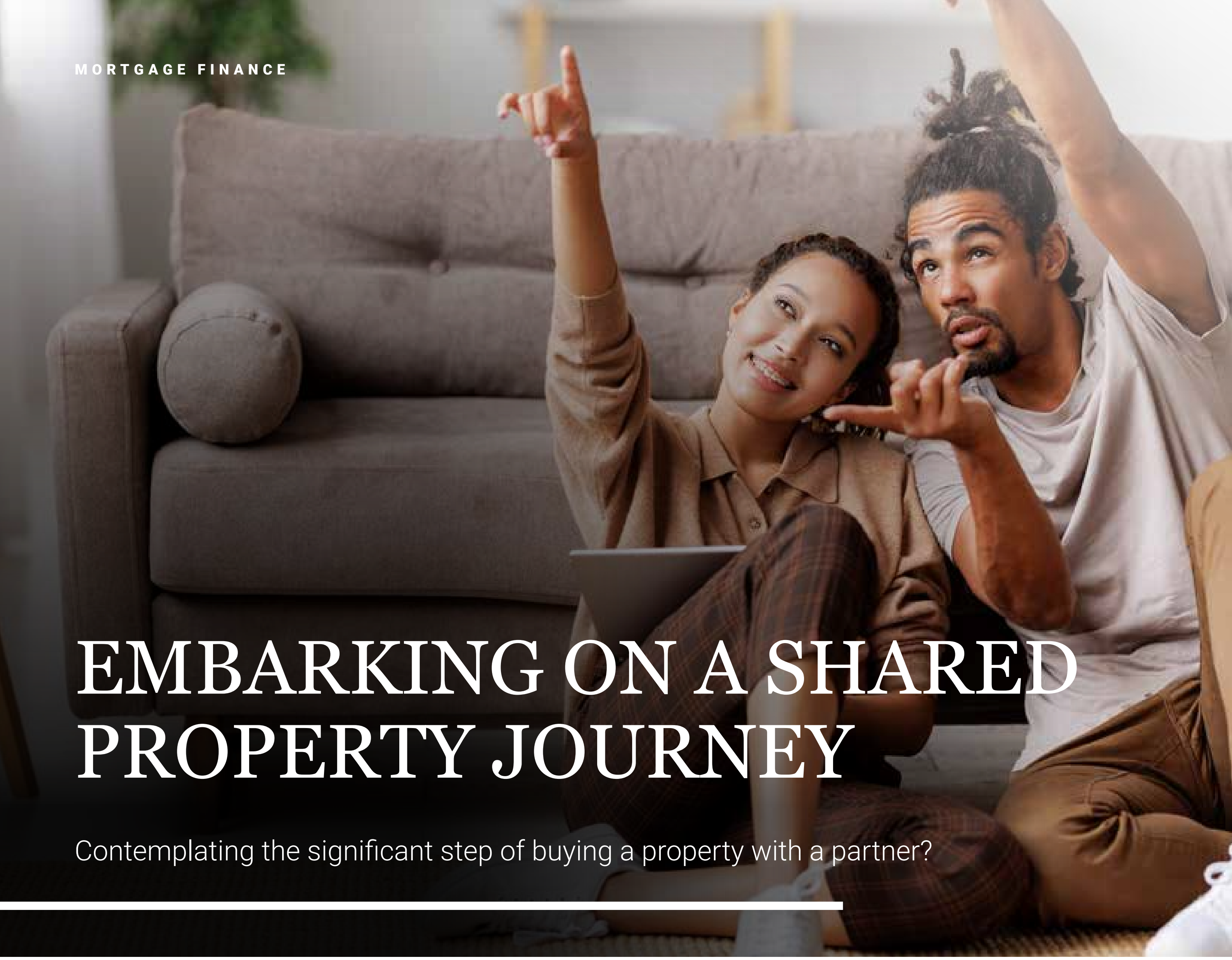
FIRST-TIME HOME SELLERS

Looking to relocate, upsize or downsize?



EMBARKING ON A SHARED PROPERTY JOURNEY

Contemplating the significant step of buying a property with a partner?

Entering into cohabitation with your significant other marks a significant chapter in your relationship, especially if the move has been anticipated for some time. It's crucial to approach this transition armed with knowledge and a well-thought-out plan, particularly when it involves financial commitments such as purchasing property together.

Acquiring property jointly has undeniable financial benefits, yet its fair share of challenges accompanies it. Whether you are partners, friends or family, understanding the nuances of joint mortgages, including the distinctions between Joint Tenancy and Tenants in Common, is essential for anyone considering this path.

DELIBERATING KEY CONSIDERATIONS

Before taking the plunge into property ownership with a partner, it's imperative to reflect deeply on several aspects. The nature of your relationship, shared goals and financial standing all play pivotal roles in determining the most suitable approach to a joint mortgage. Questions such as the permanence of your living arrangement, how mortgage repayments will be divided and plans for unforeseen circumstances like separation need careful consideration.

SUSTAINABLE FINANCIAL FUTURE TOGETHER

Not every couple opts for equal contributions towards mortgage repayments; arrangements can vary based on initial investments and agreed-upon responsibilities. Furthermore, while discussing potential separation scenarios may seem pessimistic, having a clear understanding or agreement, possibly documented through a Deed of Trust, can safeguard both parties' interests. Lastly, assessing what you can collectively afford is fundamental, influencing not only the scale and location of your property but also ensuring a sustainable financial future together.

THE ROLE OF LEGAL DOCUMENTATION

Legal documentation, such as a Deed of Trust, can be invaluable in navigating the complexities of joint property ownership. This document outlines the financial arrangements between co-owners, detailing each party's contribution and the agreed-upon distribution of assets should the relationship dissolve. Its importance

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cannot be overstated, providing a clear, legally binding framework that can prevent disputes and ensure fairness.

FINANCIAL PLANNING FOR JOINT PROPERTY OWNERSHIP

Embarking on joint property ownership requires meticulous financial planning. This involves a comprehensive evaluation of combined resources to determine the affordability of the mortgage and, consequently, the property itself. Decisions regarding the type of joint mortgage, contribution ratios and contingency plans for separation are critical. These considerations not only impact the immediate feasibility of the purchase but also lay the groundwork for long-term financial stability and harmony between co-owners.

JOINT TENANCY VS TENANCY IN COMMON

Opting for a Joint Tenancy arrangement means that all parties involved have equal rights to the property. This arrangement ensures that upon the demise of one party, the surviving individuals inherit the property equally. Similarly, any profits from the sale of the property are divided equally among the owners. Conversely, a Tenancy in Common allows owners to possess shares in the property, which can be distributed as desired. This means the ownership stake and proceeds from any potential sale can vary among the owners, with the possibility of selling or bequeathing shares.

This decision largely hinges on your personal circumstances. Married couples often prefer Joint Tenancy for its equality, while Tenancy in Common might suit friends or family members with differing financial contributions to the property.

CONSIDERING A DEED OF TRUST

A Deed of Trust becomes invaluable when owners hold unequal shares in a property, as is common with a Tenancy in Common arrangement. This document specifies the ownership percentage of each party and the financial implications during a sale. Amendments to this deed can accommodate changes in circumstances over time. Notably, obtaining a Deed of Trust can be particularly beneficial for partners moving in together where one has made a more significant financial contribution. It provides a structured method to adjust the equity balance between the parties over time, aiming for an equitable distribution.

SIGNIFICANTLY INCREASING YOUR BORROWING CAPACITY

Joint mortgages can significantly increase your borrowing capacity since lenders consider the combined incomes and savings, allowing for a larger mortgage and potentially a more substantial property. This approach is deemed safer by lenders as it diversifies their risk across two incomes instead of one. It's also entirely feasible to buy a property with someone you're not married to, with a 'Tenants in Common' agreement often being the most suitable choice. This arrangement ensures that both parties can maintain their equity investment in the property, promoting fairness regardless of the relationship's nature. ■

WANT TO SPEAK TO US ABOUT YOUR OPTIONS INVOLVING THE INTRICACIES OF JOINT MORTGAGES?

Understanding the intricacies of joint mortgages is crucial for those contemplating the significant step of buying a property with a partner. If you require further guidance or wish to explore your options in greater detail, do not hesitate to speak to our highly experienced team that will support you through every step of your property-buying journey, ensuring informed decisions that pave the way for a secure and prosperous future together.

TIME FOR A FRESH LOOK AT YOUR MORTGAGE?

Ensuring you're on the most advantageous deal and interest rate is always a wise move

In the current economic landscape, many homeowners may be asking the question: When is the best time to search for a new mortgage? Should they act now or hold onto their existing mortgage? This decision, far from being inconsequential, could significantly impact their yearly finances by thousands of pounds.

Your mortgage deal appeared quite competitive in its early days. However, it's crucial to reassess your mortgage. Ensuring you're on the most advantageous deal and interest rate is always a wise move.

It's advisable to periodically review your mortgage, perhaps annually or every couple of years. This guarantees that you're still reaping the benefits of the best possible deal and that your mortgage remains aligned with your financial objectives and circumstances.

DECODING THE MOTIVATIONS BEHIND REMORTGAGING

There are several reasons why you may need to reassess your mortgage. These can range from changes in interest rates, alterations to your financial situation, fluctuations in the housing market or revisions to your personal goals.

It's a significant decision that can shape your financial future, so understanding these motivations is crucial.

Here are instances to consider reviewing your mortgage:

SEEKING MORE COMPETITIVE RATES

One primary reason homeowners consider remortgaging is to secure a more competitive rate. However, breaking your initial agreement could result in an early repayment charge. That said, the savings from a new rate could offset this cost, making remortgaging a viable option.

SAFEGUARDING AGAINST RISING INTEREST RATES

As we have seen over the past year and a half, the overall cost of variable rate mortgages has increased, and other promotional rate deals have also risen. Securing a lower fixed rate mortgage through remortgaging could prove beneficial, especially if you anticipate an increase in the Bank of England rates.

CAPITALISING ON INCREASED HOME VALUE

With property prices often in flux, your home may fall into a lower loan-to-value (LTV) band than when you first secured your mortgage. In such cases, remortgaging could be advantageous.

REDUCING MONTHLY BILLS THROUGH REMORTGAGING

Mortgages often constitute our most significant expenditure, so reducing them can lead to substantial savings. Many of us may stay with our current lender to avoid stress. However, skilled negotiation and remortgaging could leave us better off financially.

NECESSITY OF REMORTGAGE AS CURRENT MORTGAGE ENDS

You'll need to find another mortgage when your current one expires. Typically, mortgage deals last between two and five years and offer incentives like fixed rates, tracker or discount mortgages. However, due to market fluctuations, your lender will automatically switch you to its Standard Variable Rate (SVR) once your deal ends. This rate is often higher and pricier than other options, making remortgaging to a cheaper rate an appealing choice.

SEEKING INCREASED FLEXIBILITY

If you're dissatisfied with the conditions of your current mortgage deal, you may want to consider a change. This could stem from factors like a new job, a career break necessitating 'payment holidays' or the wish to make larger payments due to increased income. If this resonates, an alternative mortgage may accommodate these needs or offer packages more suitable than your current lender's.

THE DESIRE TO BORROW MORE

Life occasionally necessitates an extra cash injection. If your lender isn't receptive to lending you additional funds, remortgaging with a different provider might allow you to raise the necessary capital or secure newer, more competitive rates. Your prospective lender will enquire about your intended use of the funds. ■

READY TO TAKE THE NEXT STEP ON YOUR MORTGAGE JOURNEY?

Failing to review your mortgage when interest rates alter or your mortgage deal concludes could mean missing out on alternative deals available in the market. This oversight could ultimately cost you more. Our team is ready to guide you through every step on your mortgage journey.

FIRST-TIME HOME SELLERS

Looking to relocate, upsize or downsize?

Taking the leap to sell your home for the first time can be intimidating. It can seem like a mountain to climb, whether it's due to relocation, upsizing or downsizing. However, with the right preparation, you can navigate this journey smoothly and stress-free.

Here are some invaluable tips to assist first-time sellers in the process.

THE ART OF HOME PRESENTATION

The way your property is presented can often make or break a sale. Potential buyers will inspect every nook and cranny of your home, so ensuring it is at its absolute best is imperative. The photographs of your property serve as the initial introduction to potential buyers.

Therefore, ensure your home is clean, decluttered, well-lit and spacious. After all, a picture speaks a thousand words. Once your home is on the market, maintain this pristine condition, as unexpected viewings can occur at any time.

DECLUTTER

A cluttered house can feel small and uninviting. Consider temporarily renting external storage to store items until you move. However, don't completely declutter your home – people often buy into a lifestyle, so show them your home life at its best.

FRESHEN UP WITH PAINT

Your current decor may not appeal to all buyers. Prioritise selling your house over your attachment to a specific wallpaper design. A fresh coat of paint can tidy up areas and give your home a new lease of life. But remember, don't go overboard – it's good for homes to show some personality. A splash of colour on a feature wall can be very effective.

FIRST IMPRESSIONS COUNT

Curb appeal is crucial. Buyers often drive past a property to rate its exterior before they express interest. Tidy up the garden or driveway, clean the windows and give the front door a fresh coat of paint to make a great first impression.

FIX SMALL REPAIRS

Small outstanding repairs that you've grown accustomed to can make the house look tired to potential buyers. Walk through every room in your house, note down quick fixes and get them sorted.

SPRUCE UP YOUR GARDEN

In today's market, outdoor space is highly sought after. Whether it's a large lawn for kids to play on or a small cottage garden for evening relaxation, ensure it's well maintained. Simple, cost-effective steps like weeding, cutting the grass and adding decorative touches can significantly enhance your outdoor space and make your house more appealing.

By following these tips, you'll help potential buyers see the value and potential in your home, increasing your chances of a successful sale.

UNDERSTANDING YOUR FINANCIAL OBLIGATIONS

Selling a property involves various costs. Understanding these financial obligations and their associated fees clearly will help prevent unpleasant surprises. When you're selling a home, there are several important costs to keep in mind.

HERE'S WHAT YOU NEED TO KNOW:

MORTGAGE EXIT FEES OR EARLY REPAYMENT CHARGES

If you're considering settling your mortgage before its term ends, be aware that you may face mortgage exit fees or early repayment charges. These vary depending on your mortgage agreement.

ENERGY PERFORMANCE CERTIFICATE (EPC)

In England and Wales, sellers must provide potential buyers with an Energy Performance Certificate (EPC). This document provides details about the property's energy efficiency.

HOME REPORTS IN SCOTLAND

Sellers in Scotland are obligated to provide a Home Report to potential buyers. This comprehensive document includes a Property Questionnaire, a Single Survey and an Energy Report.

CONVEYANCING FEES

These fees cover the legal aspects of transferring property ownership. They typically

include costs for searches, Land Registry checks and solicitor's services.

REMOVAL COSTS

Don't forget about the costs associated with moving out of your property. These can include hiring a professional moving company, renting a moving van or buying packing materials.

ESTATE AGENT FEES

Lastly, these fees cover the agent's services, including marketing your property, arranging viewings and negotiating with buyers.

By being aware of these costs upfront, you can plan your budget effectively and navigate the selling process more smoothly.

ENSURING YOUR FINANCES ARE IN ORDER

Calculate the total cost you are likely to incur from selling your property. This should include estate agent fees, mortgage exit fees, the cost of an Energy Performance Certificate (EPC) in England and Wales or Home Reports in Scotland, conveyancing fees and removal costs. Be sure to compare quotes for these services to avoid unnecessary expenses.

HUNTING FOR YOUR NEW HOME

The search for a new home can be thrilling and exhausting. To streamline this process, it's crucial to identify your needs and wants.

IDENTIFYING YOUR PREFERENCES

With a clear budget in mind, look for a property that meets your criteria. If proximity to specific schools, workplaces or transport links is important, identify these on a map for quick reference. In most cases, securing an offer on your current property is advisable before setting your heart on a new one. This makes you a more appealing buyer and increases your offer's likelihood of acceptance.

OFFER STAGE

You're under no obligation to accept or decline a proposal promptly. It's completely acceptable to take a day or two to consider it, and you may want to compare the offer with the selling prices of other local properties for reference. Before making any decisions, it's advisable to understand the buyer's circumstances via your estate agent.

BUYER'S FINANCIAL STATUS

Understanding the buyer's financial status is crucial. Determine whether they must sell their current property before purchasing yours as this could slow down the transaction. Cash buyers are generally preferred because they can expedite the sale. If they require a mortgage, enquire if they have a pre-approved 'Mortgage in Principle'. This information could prove valuable if you have multiple similar offers.

Just like their financial status, knowing the buyer's intended timeline for finalising the deal is important. Are they part of a chain sale? The length of the chain could affect the speed of completion. If they're a cash buyer or first-time buyer, find out how soon they intend to move and their flexibility regarding the moving date.

CONSIDER YOUR OWN CIRCUMSTANCES

Do you need to move quickly to secure your next home? If so, you might prefer an offer from non-chain buyers. If there's no rush, you might wait for a higher offer. A buyer who is not in a chain has a pre-approved mortgage or is a cash buyer is more appealing than someone who needs to sell their own property first and does not yet have mortgage approval.

ACCEPTING AN OFFER

If you decide to accept an offer, it's typically 'subject to contract', meaning that as long as the survey doesn't reveal any issues, the buyer is likely to proceed with the purchase. Offers only become official once your agent verifies the buyer's financial ability to buy. An accepted offer doesn't legally bind either party until contracts are exchanged, allowing either the buyer or seller to withdraw from the sale before this point. ■

READY TO DISCUSS YOUR MORTGAGE OPTIONS?

We're committed to helping you find the right mortgage that fits your plans. Whether it's upgrading to a larger space or downsizing to a snug abode, we're here to guide you. We're here to facilitate every step of your journey. If you require further information or guidance and want to discuss your mortgage options, please contact A1 Financial Solutions - telephone 0131 347 8855 - email info@simply-mortgage.co.uk

HOME-BUYING JOURNEY

The hurdles on the path to homeownership

Recent research shows a challenging picture for young people who aspire to be homeowners[1]. An estimated 1.9 million hopeful homeowners harbour doubts about achieving the same level of homeownership as their parents. With 73% of these aspirants hailing from homes owned by their parents, only a mere 48% believe they can mirror this achievement, marking a significant decline of 25%.

DOMINO EFFECT OF DECLINING HOMEOWNERSHIP

The dwindling rates of homeownership today seem to foreshadow an even more challenging future. The study reveals a pattern of inherited homeownership, with 81% of current homeowners and 68% of non-homeowners having parents who owned homes. This trend suggests that as the number of homeowners continues to fall, the prospects of future generations owning homes also diminish.

CLOSER LOOK AT UK HOMEOWNERSHIP

But the narrative of homeownership in the UK extends beyond these figures. A considerable majority (71%) of Britons who do not currently own their homes aspire to do so eventually. Yet, more than half (52%) of these 7.5 million hopeful homeowners – approximately 3.9 million – have little to no confidence they will ever achieve this goal.

OBSTACLES ON THE PATH TO HOMEOWNERSHIP

The main hurdles on the path to homeownership include sky-high house prices (60%), the challenge of saving for a deposit (44%) and the difficulty of managing monthly mortgage repayments (33%). Additionally, securing mortgage approval presents a tough challenge for 31% of the hopefuls.

ROLE OF GOVERNMENT SCHEMES

Surprisingly, younger homeowners are increasingly relying on government schemes to afford a home. This figure stands at 28%, which is over three times higher than the overall percentage of homeowners in the UK (9%).

LONG-TERM MORTGAGES THE NEW NORM

Mortgage terms exceeding 30 years are fast becoming the standard. Over one in three (38%) homeowners aged between 18-34 have opted for a term of 30 years or more, compared to just 15% of UK homeowners overall.

BANK OF MUM AND DAD A SIGNIFICANT CONTRIBUTOR

One in five homeowners (20%) aged between 18-34 count on financial support from their parents, making the 'Bank of Mum and Dad' a significant player in the housing market.

AFFORDABILITY IS THE MAIN BARRIER

Non-homeowners identified affordability as the primary obstacle to climbing the property ladder. Given these challenges, it comes as little surprise that younger homeowners aged between 18-34 are three times more likely to utilise government schemes. These schemes have assisted 28% of homeowners aged 18-34, compared to 9% of homeowners overall. ■

Source data:

[1] HomeOwners Survey – The generation gap worsens – 26 February 2024.

DO YOU REQUIRE FURTHER INFORMATION OR GUIDANCE ON THIS MATTER?

Embarking on a home-buying journey is an exciting venture, but it requires careful consideration – particularly when it comes to selecting the right mortgage. We're here to guide you through this process. Don't leave such a significant decision to chance; please contact A1 Financial Solutions - telephone 0131 347 8855 - email info@simply-mortgage.co.uk

SIMPLY MORTGAGE

When it comes to mortgages, taking advice can be a daunting process, whether you are looking to take financial advice for the first time or you've taken financial advice in the past.

Finances often take a low priority for many people because they are complex, but at Simply Mortgage our clients appreciate our ability to make the mortgage-arranging process both simple and enjoyable.

At Simply Mortgage, we ask the questions, look into your future, give straightforward advice and find the right mortgage solution for you.

Contact us today to begin your journey – we look forward to hearing from you.

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